

Program D: Uncompensated Care Costs Payments

PROGRAM DESCRIPTION

The mission of the Uncompensated Care Cost Payments Program (formerly known as Disproportionate Share [DSH] payments) is to encourage hospitals and providers to serve uninsured and indigent clients. As a result, the quality and access to care is improved. Prior to 1989, all uncompensated medical costs (100%) for the uninsured were financed by the State General Fund. As a result of the Uncompensated Care Cost Program, these state general funds are now matched with federal funds to cover 100% of cost.

The goal of the Uncompensated Care Costs (UCC) Payments Program is to reduce reliance on the State General Fund to cover Medicaid expenditures.

This program provides payments to the following: LSU Medical Center, LSU Medical Center Health Care Services Division, DHH Psychiatric Hospitals, and Private Hospitals.

Federal law requires that Medicaid UCC payments are made to qualifying hospitals. Under federal law, UCC payments to each UCC hospital may not exceed that individual hospital's uncompensated costs. The state has the flexibility in varying payment methodologies according to type of hospital as long as certain criteria mandated by federal regulations are met.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2000-2001. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

The objectives and performance indicators that appear below are associated with program funding in both the Base Executive Budget and Governor's Supplementary Recommendations for FY 2000-01. Explanatory notes identify the funding category related to individual objectives and/or performance indicators. Specific information on program funding is presented in the financial sections that follow performance tables.

1. (KEY) To encourage hospitals and providers to provide access to medical care for the uninsured and underinsured and reduce the reliance on the State General Fund by collecting a minimum of \$520.9 million to \$580 million annually.

Strategic Link: *This objective implements Goal I, Objective I.1 of Program D, Uncompensated Care Costs, of the strategic plan: To reduce the reliance on State General Fund by collecting funds in the amount of \$500 million to \$580 million annually.*

Explanatory Note: Disproportionate Share Hospitals (DSH) are federal mandatory hospitals serving a larger percentage of Medicaid and/or uninsured patients.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-1999	ACTUAL YEAREND PERFORMANCE FY 1998-1999	ACT 10 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
S	Public Disproportionate Share (DSH) (in millions)	\$737.4	\$756.2	\$731.5	\$731.5	\$744.5	\$744.5
S	Number of state facilities in DSH	15	15	15	15	15	15
S	State match (in millions)	\$218.5	\$226.7	\$217.1	\$217.1	\$219.8	\$219.5
K	Amount of federal funds collected (in millions)	\$519.0	\$557.7	\$520.9	\$520.9	\$524.7	\$525.2

GENERAL PERFORMANCE INFORMATION					
PERFORMANCE INDICATOR NAME	PRIOR YEAR ACTUAL FY 1994-95	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Amount of federal funds collected (in millions)	\$892.2	\$564.2	\$546.2	\$517.9	\$557.7

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1998-1999	ACT 10 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$233,001,982	\$213,964,532	\$213,964,532	\$228,788,251	\$222,928,310	\$8,963,778
STATE GENERAL FUND BY:						
Interagency Transfers	0	10,261,955	10,261,955	300,000	300,000	(9,961,955)
Fees & Self-gen. Revenues	0	0	0	0	0	0
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	551,252,417	551,253,930	551,253,930	568,272,627	554,248,141	2,994,211
TOTAL MEANS OF FINANCING	<u><u>\$784,254,399</u></u>	<u><u>\$775,480,417</u></u>	<u><u>\$775,480,417</u></u>	<u><u>\$797,360,878</u></u>	<u><u>\$777,476,451</u></u>	<u><u>\$1,996,034</u></u>
EXPENDITURES & REQUEST:						
Salaries	\$0	\$0	\$0	\$0	\$0	\$0
Other Compensation	0	0	0	0	0	0
Related Benefits	0	0	0	0	0	0
Total Operating Expenses	0	0	0	0	0	0
Professional Services	0	0	0	0	0	0
Total Other Charges	784,254,399	775,480,417	775,480,417	797,360,878	777,476,451	1,996,034
Total Acq. & Major Repairs	0	0	0	0	0	0
TOTAL EXPENDITURES AND REQUEST	<u><u>\$784,254,399</u></u>	<u><u>\$775,480,417</u></u>	<u><u>\$775,480,417</u></u>	<u><u>\$797,360,878</u></u>	<u><u>\$777,476,451</u></u>	<u><u>\$1,996,034</u></u>
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0
TOTAL	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

A supplementary recommendation of \$690.3 million, of which \$203.1 million is State General Fund, is included in the Total Recommended for this program. It represents funding of the payments to Office of Mental Health, LSUHSC, and LSUHSC-HCSD payable out of revenues generated by the renewal of the 3% suspension of the exemptions to the sales tax.

A supplementary recommendation of \$49.3 million, of which \$14.5 million is State General Fund, is included in the Total Recommended for this program. It represents funding of the payments to the LSUHSC and LSUHSC-HCSD. These items are contingent upon Revenue Sources in excess of the Official Revenue Estimating Conference Forecast subject to Legislative approval and recognition by the Revenue Estimating Conference.

SOURCE OF FUNDING

This program is funded with General Fund, Interagency Transfers and Federal Funds. The Interagency Transfers derive from the Office for Addictive Disorders for an inpatient unit at the Medical Center of Louisiana. In the Existing Budget, the Interagency Transfers derive from the LSU Health Care Services Division. Federal Funds represent federal financial participation in the Medicaid program.

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$213,964,532	\$775,480,417	0	ACT 10 FISCAL YEAR 1999-2000
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$213,964,532	\$775,480,417	0	EXISTING OPERATING BUDGET – December 3, 1999
\$588,231	\$1,996,034	0	Other Adjustments - Balance for changes in the budgeted expenditures in the public facilities receiving UCC reimbursements, including \$759,356 (\$223,782 State General Fund) in reductions baed on the state positions reduction
(\$1,586,408)	\$0	0	Net Means Of Financing Substitutions - Replace State General Fund with Federal Funds for the change in the state and federal financial participation requirements
\$9,961,955	\$0	0	Net Means Of Financing Substitutions - Replace non-recurring revenues in the form of Interagency Transfers with State General Fund
\$222,928,310	\$777,476,451	0	TOTAL RECOMMENDED
(\$217,647,559)	(\$739,557,374)	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$5,280,751	\$37,919,077	0	BASE EXECUTIVE BUDGET FISCAL YEAR 2000-2001
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL:
\$22,922,586	\$77,782,781	0	Uncompensated Care Costs Payments to the Office of Mental Health
\$30,869,588	\$104,749,197	0	Uncompensated Care Costs Payments to Louisiana State University Health Sciences Center
\$149,332,156	\$507,743,996	0	Uncompensated Care Costs Payments to the Varying Hospitals within the Louisiana State University Health Sciences Center Health Care Services Division
\$203,124,330	\$690,275,974	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL

			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$2,145,829	\$7,281,400	0	Uncompensated Care Costs Payments to Louisiana State University Health Sciences Center
\$12,377,400	\$42,000,000	0	Uncompensated Care Costs Payments to the Varying Hospitals within the Louisiana State University Health Sciences Center Health Care Services Division
\$14,523,229	\$49,281,400	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$222,928,310	\$777,476,451	0	GRAND TOTAL RECOMMENDED

The total means of financing for this program is recommended at 100.3% of the existing operating budget. It represents 100.3% of the total request (\$775,480,417) for this program. The major change to this program relates directly to the changes made to budgets of the state operated public health care providers.

PROFESSIONAL SERVICES

This program does not have funding for Professional Services for Fiscal Year 2000-2001.

OTHER CHARGES

\$31,014,289	Reimbursements to Private, Rural Hospitals for the provision of medical services to patients who are uninsured and ineligible for the State's Medicaid program
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\$31,014,289	SUB-TOTAL OTHER CHARGES
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Interagency Transfers:

Interagency Transfers for the reimbursement to following public providers for the provision of medical services to patients who are uninsured and ineligible for the State's Medicaid program:

\$112,030,597	LSUHSC - Shreveport
\$555,716,870	LSUHSC, Health Care Services Division
\$77,782,781	Office of Mental Health
\$931,914	Villa Feliciana Chronic Disease Hospital

\$746,462,162	SUB-TOTAL INTERAGENCY TRANSFERS
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\$777,476,451	TOTAL OTHER CHARGES
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ACQUISITIONS AND MAJOR REPAIRS

This program does not have funding for Acquisitions and Major Repairs for Fiscal Year 2000-2001.